

Table T11-0371
Exempt All Capital Income from Taxation
Baseline: Current Law
Distribution by Cash Income Percentile, 2011¹

Cash Income Level (thousands of 2011 dollars) <small>2,3</small>	Total Returns ⁴		Returns with Zero Income Tax Liability ⁴				Returns with Zero Income Tax Liability Only Under Proposal ⁴			
	Number (thousands)	Percent	Baseline		Proposal		Returns		Average Federal Tax Change (\$)	
			All Returns (thousands)	Elderly (Percent)	All Returns (thousands)	Elderly (Percent)	All Returns (thousands)	Elderly (Percent)	All Returns	Elderly
Lowest Quintile	43,661	26.6	40,740	24.0	40,754	24.0	37	20.0	-241	-231
Second Quintile	36,819	22.5	22,206	31.4	22,652	32.2	493	67.0	-341	-288
Middle Quintile	32,344	19.7	9,706	26.1	10,528	30.7	860	82.8	-1,001	-1,031
Fourth Quintile	26,761	16.3	1,956	21.1	2,525	35.2	588	81.8	-3,181	-3,313
Top Quintile	23,243	14.2	443	21.2	1,068	47.1	631	64.9	-55,415	-36,751
All	163,869	100.0	76,077	26.1	78,544	27.7	2,609	74.4	-14,521	-9,008
Addendum										
80-90	11,775	7.2	284	21.0	512	49.0	234	81.8	-7,312	-8,097
90-95	5,676	3.5	57	16.1	167	47.1	110	63.2	-11,396	-11,521
95-99	4,619	2.8	78	29.2	265	47.1	187	54.6	-27,337	-28,791
Top 1 Percent	1,173	0.7	24	8.8	125	39.3	101	46.6	-266,603	-207,811
Top 0.1 Percent	120	0.1	3	6.4	22	33.2	20	37.0	-995,512	-860,002

Cash Income Level (thousands of 2011 dollars) <small>2,3</small>	Tax Units with Tax Increase or Cut ⁴				Average Federal Tax Change (\$)	Elderly Tax Units with Tax Increase or Cut ⁴				Average Federal Tax Change for Elderly (\$)
	With Tax Cut		With Tax Increase			With Tax Cut		With Tax Increase		
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase		Pct of Elderly Tax Units	Avg Tax Cut	Pct of Elderly Tax Units	Avg Tax Increase	
Lowest Quintile	1.0	50	0.1	494	0	0.2	145	*	**	0
Second Quintile	10.8	119	1.1	319	-9	11.6	209	0.8	289	-22
Middle Quintile	30.1	253	3.1	333	-66	47.6	523	3.0	369	-238
Fourth Quintile	54.5	511	6.7	414	-250	76.3	1,187	6.5	494	-874
Top Quintile	74.4	6,558	12.6	676	-4,797	85.7	11,446	8.8	630	-9,759
All	28.1	2,690	3.8	545	-735	35.5	3,996	3.0	515	-1,402
Addendum										
80-90	70.0	993	10.7	487	-643	83.8	2,879	9.3	448	-2,370
90-95	77.8	1,949	13.6	505	-1,447	86.0	5,203	9.7	489	-4,427
95-99	78.4	6,544	16.8	787	-5,000	88.1	12,806	8.2	768	-11,219
Top 1 Percent	87.1	71,429	9.5	3,231	-61,891	93.6	95,906	3.5	5,249	-89,632
Top 0.1 Percent	93.7	429,587	3.8	29,400	-401,554	97.3	505,734	1.9	43,337	-491,399

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

* Less than 0.05.

** Insufficient data.

(1) Calendar year. Baseline is current law. Proposal would exclude interest income, dividends, and gains from sales of capital assets from gross income and repeal the deduction for investment interest. For a description of TPC's current law and current policy baselines, see

<http://www.taxpolicycenter.org/T11-0270>

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2011 dollars): 20% \$16,812; 40% \$33,542; 60% \$59,486; 80% \$103,465; 90% \$163,173; 95% \$210,998; 99% \$532,613; 99.9% \$2,178,886.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.